

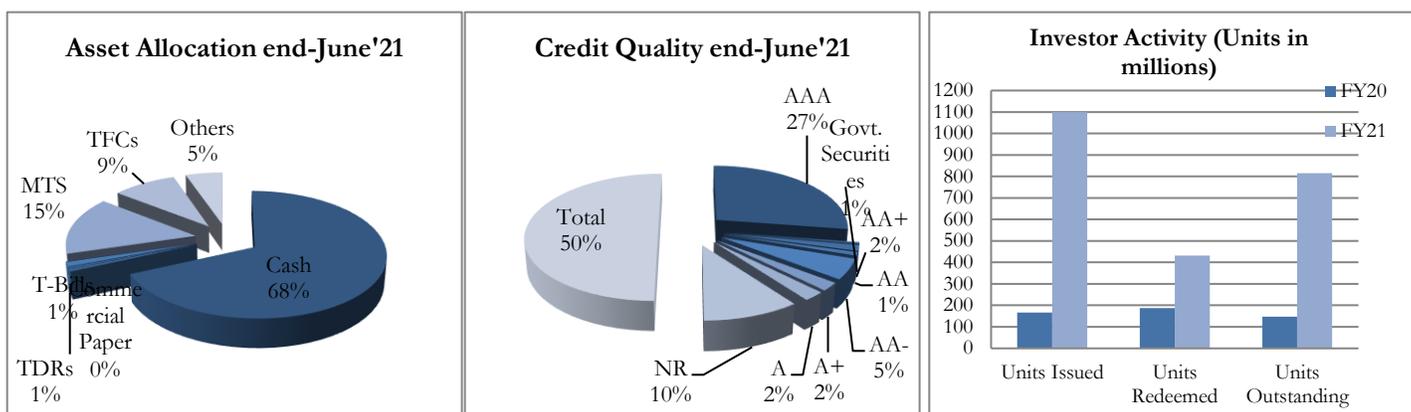
Date: January 18, 2022

Analysts: Syed Fahim Haider Shah

## Investment Objective

To earn a superior risk adjusted rate of return by investing in a blend of short-, medium- and long-term instruments, both within and outside Pakistan.

ABL Income Fund		
Rating Category	Latest	Previous
Fund Stability Rating	A+ (f)	A+ (f)
	Jan 18, '22	Dec 31, '20
AMC	ABL Asset Management Company Limited (ABL AMC)	
External Auditors – Fund	A.F. Ferguson - Chartered Accountants	
Trustee	Central Depository Company of Pakistan Limited	
Front-end Load	1.5% p.a.	
Back-end Load	Nil	
Management Fee	1.5% p.a.	
Benchmark	6-Month KIBOR	



Launched in September 2008, ABL Income Fund (ABLIF) is an open-ended fund, managed by ABL Asset Management. The fund's objective is to provide its investors with competitive risk adjusted rate of returns by investing in a blend of short, medium, and long-term fixed income and debt instruments, both within and outside Pakistan.

Maximum and minimum limits have been stated in the Investment Policy Statement (IPS). In order to restrict the fund's exposure in various investments and credit quality, quarter of the fund's asset must be allocated in cash and cash equivalents, other investment avenues comprise of government securities, TFCs and Commercial Paper.

Net assets of the fund increased to Rs. 8.4b (FY20: Rs. 1.5b) by end-FY21.

## Offering document (extract)

Description	Entity Rating	Instrument Rating	Min- Max Limits
T-Bills, PIBs, FIBs & Other Government Securities	N/A	N/A	0%-100%
Cash in Bank Accounts	IG	N/A	25%-100%
Bank Deposits	IG	N/A	75%-100%
Commercial Paper	IG	N/A	0%-50%
Term Finance Certificates	IG	IG	0%-75%
Margin Trading System (MTS)	N/A	N/A	0%-40%
Any investment, which is an Authorized Investment under the Trust Deed or which is authorized by the Commission	IG	IG	50% unless otherwise specified by the Commission
Reverse Repo Transactions against Government Securities	IG	N/A	0%-50%

**Asset Allocation:**

Table 2: Asset Class Distribution:

Asset Allocation	Average June20	Average June'21	June'21
Cash	32%	37%	68%
T-Bills	16%	9%	1%
PIB	12%	19%	0.3%
Commercial Papers	4%	3%	0%
TFCs	30%	19%	9%
Bank Deposits	0%	0.3%	1%
MTs	0%	4%	15%
Others including receivables	5%	9%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The fund’s asset allocation plan majorly remained concentrated in cash, government securities, and TFCs. At end-June’21, cash comprised 68% of the portfolio whereby MTs and TFCs contributed 15% and 9%, respectively. Remaining chunk of investment portfolio comprised government securities, placement with the banks, and others. The fund majorly complied with the stipulated limits of the offering document barring four instances during FY21 where the cash allocation fell below limits.

**Credit Quality:**

Table 3: Credit quality summary FY21

Credit Quality	Average	Maximum	Minimum
AAA	42%	75%	15%
AA+	7%	14%	2%
AA	5%	13%	0.1%
AA-	24%	50%	7%
A+	6%	10%	8%
Others	16%	40%	5%

Credit quality exposures remained in line with the requisites of VIS’s criteria for the assigned ratings. The fund’s credit quality exposures depicted slight changes as compared to the preceding year. During FY21, the fund parked on an average basis 42% of its assets in AAA rated issue/issuer, followed by 7% in AA+, 5% in AA, and 24% in AA- rated issue/issuer.

**Market Risk:**

As per internal policy, WAM of the fund is capped at 4 years and target duration of the fund has been capped at 1 year.

The fund’s monthly average duration decreased and was reported at 197 days (FY20: 496 days) whereas monthly average WAM of the fund was recorded at 505 days at end-June’21. The maximum and minimum duration was recorded at 455 days and 7 days at end-Jul’20 and end-Jun’21, respectively, while average duration stood at 197 days.

**Liquidity Profile:**

The total number of investors stood at 1,800 (FY20: 1,268) at end-FY21 whereas top-10 investors constituted 67% (FY20: 18%) of the fund’s asset base. Proportion of retail investors stood at 28% (FY20: 34%) while associates held 46% (FY20: 48%) of total funds’ assets. Owing to fund’s liquid asset allocation plan, ability to meet redemption is considered sound.

**Fund Performance:**

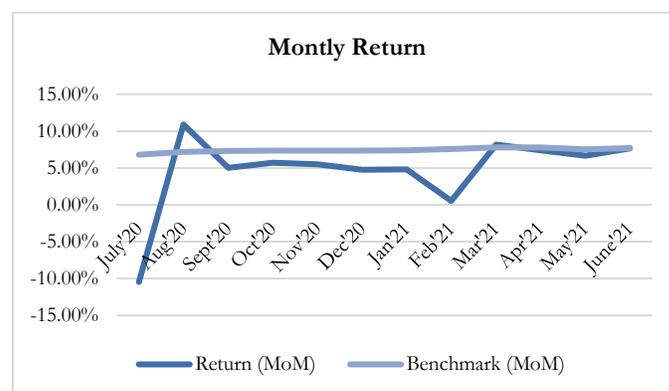


Table 5: Fund Performance:

Performance	FY20	FY21
<b>Total Return</b>	14.32%	4.76%
<b>Peer Ranking</b>	14/30	27/31
<b>Benchmark Return</b>	12.23%	7.41%
<b>Peer Average</b>	13.38%	5.81%

Benchmark return of the fund is determined from the average 6-month KIBOR. During FY21, the fund generated a return of 4.76% (FY20: 14.32%), underperforming its benchmark of 7.41%. Relative to its peers, the fund placed itself in at 27<sup>th</sup> ranking out of total of 31 funds in the category during FY21.

**Rating History**

Rating Type	Rating Date	Medium to Long Term	Rating Action
Fund Stability	18/01/2022	A+ (f)	Reaffirmed
Fund Stability	12/31/2020	A+ (f)	Upgrade
Fund Stability	1/20/2020	A (f)	Reaffirmed
Fund Stability	1/16/2019	A (f)	Reaffirmed
Fund Stability	1/16/2018	A (f)	Reaffirmed
Fund Stability	12/30/2016	A (f)	Reaffirmed
Fund Stability	12/31/2015	A (f)	Downgraded
Fund Stability	10/16/2014	A+ (f)	Reaffirmed
Fund Stability	1/17/2013	A+ (f)	Reaffirmed
Fund Stability	1/2/2012	A+ (f)	Reaffirmed
Fund Stability	12/13/2010	A+ (f)	Reaffirmed

<b><u>BALANCE SHEET</u></b>	<b>FY20</b>	<b>FY21</b>
Paid Up Capital	N/A	N/A
Total Equity	N/A	N/A
<b><u>INCOME STATEMENT</u></b>		
Total Income	273	226
Profit Before Tax	226	180
Profit After Tax	226	180
<b><u>RATIO ANALYSIS</u></b>		
Current Ratio (x)	N/A	N/A
Gearing (x)	N/A	N/A